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USDOC FOR 532/OEA/MHAMES/MCANNER  
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT  
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)

SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: HANG TAT ELECHANG  
TAT ENTERPRISES CO

REF: A) BIS request e-mail dated March 12, 2009 B)HK 00915 (2007)  
C)HK 01070 (2008)

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO), accompanied by Commercial Assistant, Carrie Chan, conducted a post shipment verification (PSV) at Hang Tat Electronic Enterprises Co., Room 2608, Technology Plaza, 29-35 Sha Tsui Road, Tsuen Wan, Hong Kong (Hang Tat). The items in question are various integrated circuits shipped to Hang Tat on or about September 23, 2008 and valued at USD 33,236. The export control classification number (ECCN) for these items is 3A001. If properly classified by the exporter, these items are controlled for and national security (NS) reasons and would not require a license for end use in Hong Kong but would, in almost all circumstances, require a license for reexport to mainland China. The exporter was Easy Gray Technologies of Gloucester, Massachusetts.

¶3. As further detailed in reftel B, Hang Tat was the subject of a previous unfavorable end use check in 2007. That check also involved electronic components controlled for national security reasons.

¶4. According to the Hong Kong Inland Revenue Department Business Registration Office, Hang Tat has been in existence since 1991. The company is a sole proprietorship (as a result, it is not listed in the Hong Kong Companies Registry). Hong Kong identity holder Sau Luen Chan is listed as owner. A Hong Kong Trade Development Council profile of Hang Tat lists Mr. Cho-Man Wong as manager. It states that Hang Tat is a trading company specializing in electronics trade.

¶5. On April 14, 2009, the ECO, accompanied by Commercial Assistant Carrie Chan, visited Hang Tat at the address referenced above and met with a Mr. Wong and Mr. Bako Cheung (the person listed as the contact person on the shipment's airway bill). The offices of Hang Tat are modest (roughly 5 desks in a one room office with a partitioned space for Mr. Wong's office). The meeting had taken some time to schedule as Mr. Cheung stated that Mr. Wong wanted to participate in the meeting and he was traveling in mainland China when Ms. Chan made the initial call. As in 2007, Mr. Wong stated that Hang Tat is a trading company with a long history of operations in Hong Kong. Hang Tat's business model consists of sourcing electronic components for mainland Chinese trading companies. When asked for background on typical end-users for his items, Mr. Wong demurred (as in 2007), stating that he typically deals with trading companies in Shenzhen. Mr. Wong stated that his customers (other trading companies) do not want to divulge end users to him as they fear he will approach those end users directly. When pressed about the types of products that might use the components he sells, Mr.

Wong stated that he and his staff are really not familiar with the items they sell but only source based on item numbers.

¶16. ECO asked Mr. Wong how customers find him. Mr. Wong replied that most of his customers are long-term customers while new customers come to his business as a result of advertisements he places in mainland catalogues and journals. Mr. Wong showed ECO one of those advertisements (from 2005). This advertisement referenced Shenzhen company Heng Hui Denzi and listed a Shenzhen retail office. The advertisement stated that Heng Hui specializes in various electronic components including military grade components. Based on internet research, it appears that this retail office is located in a larger Shenzhen electronics related shopping mall. The phone number for this company is listed as (755) 8301-3216 and the e-mail is listed as henghui@tom.com. As noted in further detail in reftel C, another company that was the subject of an unfavorable end-use check in Hong Kong (Wing Fat) also appears to have a Shenzhen affiliate in this same shopping mall.

¶17. When asked about the specific order, Mr. Wong provided ECO with a copy of a Hang Tat invoice. The invoice lists the buyer of items as Yuning Electronics Ltd., Rm 4710 SEG Plaza, Shenlan Middle Road, Futian, Shenzhen. The telephone contact number is listed as 755-83234169. The invoice includes a signature from the purported customer confirming that the items had been picked up by the customer. The invoice also includes a large stamped box in which it is stated that it is the obligation of the customer to obtain the required export licenses and customs clearances. Mr. Wong stated that Yuning is a long-time customer (10 years) and it is also an electronics trading company. When asked why this Shenzhen trading company is buying from a Hong Kong Trading company (and not directly from suppliers), Mr. Wong stated that it is easier for mainland customers to purchase from Hong Kong companies than from international sources.

¶18. Mr. Wong stated that when he orders items from abroad on behalf of mainland customers, he does not inform the exporter that the items are destined for mainland China. Mr. Wong stated that he typically tells his suppliers that any resale of items he purchases will occur in Hong Kong. As for the buyers, Mr. Wong stated that he is not responsible nor aware whether they apply for Hong Kong export licenses. Mr. Wong stated that this is why he includes the language on his invoices stating that it is the buyer's responsibility to obtain any required export/reexport licenses.

¶19. ECO informed Mr. Wong that he needed to take into consideration applicable U.S. export and reexport rules and that Hong Kong export control rules may be applicable to his transactions. ECO, by subsequent e-mail, sent Mr. Wong additional information on U.S. reexport controls. ECO recommends a thorough review of all shipments to Hang Tat as he does not find Mr. Wong's explanations to be credible. ECO suspects that Hang Tat exists primarily as a means of acquiring electronic components for mainland buyers that are difficult to obtain in the mainland (likely because of export control restrictions). In addition, ECO requests that OEA provide him with a commodity classification for the items in question so that he may provide the Hong Kong government information about this potential violation of Hong Kong law.

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